

Message Text

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PAGE 01 JAKART 00372 091056Z

16

ACTION EA-10

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E.O. 11652: N/A

TAGS: CPRS BEXM ID

SUBJECT: P.T. BAUD CASE

REFS: A) JAKARTA 15023

B) TOUSSAINT-SUDHARMONO MEMCON 1-3-75

C) JAKARTA 14621

1. PURSUANT TO SUGGESTION MADE BY MINISTER OF STATE LT. GENERAL SUDHARMONO (REF B), DCM AND COMMERCIAL COUNSELOR CALLED ON ISMAEL SALEH OF SUHARMONO'S STAFF JANUARY 8TH. SALEH WAS ACCOMPANIED BY MINISTER OF FINANCE REPRESENTATIVE IRZAN TANJUNG AND AID TO GOI VICE PREESIDENT JULIAN DAHRMA.

2. DCM EXPLAINED OUR CONTINUING CONCERNS REGARDING SULLIVAN'S RELATIONSHIP WITH KEY CONGRESSIONAL MEMBERS, IN PARTICULAR CONGRESSMAN PASSMAN, AND ALSO NOTED THAT SULLIVAN HAD CLOSE RELATIONSHIP WITH RJ ALBRIGHT OF EXIMBANK. WE POINTED OUT THAT WHILE FOREIGN ASSISTANCE AUTHORIZATION BILL HAS PASSED IT IS STILL NECESSARY TO GO THROUGH APPROPRIATION BILL PROCEDURES AND THAT SULLIVAN'S EFFORTS COULD AGAIN CREATE PROBLEMS.

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PAGE 02 JAKART 00372 091056Z

3. SALEH AND THOSE WITH HIM SAID GOI HAD

NOT RPT NOT REJECTED ENTIRE P.T. BAUD CLAIM.
THEY SAID THAT DOCUMENT (REF C) PRESENTED
TO SULLIVAN IN WASHINGTON BY ADIWOSO IN
SEPTEMBER REJECTS BAUD CLAIM FOR LAND BECAUSE
DECREES OF 1958 AND 1964 BY MINISTRY OF
AGRARIAN AFFAIRS ABOLISHED PRIVATE LAND
HOLDINGS AND REQUEST FOR COMPENSATION HAD
NOT BEEN RECEIVED BY GOVERNMENT AGENCY CONCERNED.
GOI, HOWEVER, HAS NOT REJECTED BAUD CLAIM FOR
STRUCTURES BUILT UPON LAND TAKEN OVER FROM
BAUD.

4. GOI REPS PROVIDED US WITH DOCUMENT
ENTITLED "STATEMENT ON THE FORMER BAUD
PLANTATIONS" WHICH IS IDENTICAL WITH DOCUMENT
SIMILARLY ENTITLED AND PRESENTED TO SULLIVAN
IN SEPTEMBER. THEY SAID DOCUMENT WAS PRE-
PARED BY GOI TECHNICAL TEAM. CAREFUL RE-
READING OF THIS DOCUMENT DOES INDEED REVEAL
THAT GOI IS REJECTING CLAIM FOR LAND
BUT NOT FOR STRUCTURES.

5. SALEH SAID INSTRUCTIONS HAD BEEN SENT
FOR INDONESIAN AMBASSADOR TO MEET WITH SULLIVAN
AND HE UNDERSTOOD MEETING WOULD TAKE PLACE
ON JANUARY 8TH. BOTH MINFIN REPRESENTATIVE
AND VICE PRESIDENT STAFF AIDE STATED CLEARLY
THAT GOI TECHNICAL TEAM WITH WHICH SULLIVAN
HAD MET SEVERAL TIMES WAS NOT RPT NOT AUTHORIZED
TO NEGOTIATE GOI OFFICER OF \$450,000--AND INDICATED
THIS WAS SOURCE OF STATEMENT IN PARA 12,
PAGE 5 OF DOCUMENT GIVEN TO SULLIVAN: "THE
AMOUNT OF SUCH COMPENSATION IS FIXED BY A
GOVERNMENT COMMITTEE AND IS NOT NEGOTIABLE".
THERE WAS, HOWEVER, CLEAR SIGNAL THAT GOI
ON HIGHER LEVEL COULD NEGOTIATE COMPENSATION.

6. SALEH HAD COPY OF CONGRESSIONAL RECORD
CONTAINING STATEMENT RE P.T. BAUD IN APRIL 1974
BY CONGRESSMAN WYATT OF OREGON AND OBSERVED
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PAGE 03 JAKART 00372 091056Z

THAT ONLY FIVE MINUTES OR SO HAD BEEN DEVOTED
TO THIS STATEMENT WHEREAS SUBSEQUENT STATEMENT
IN CONGRESSIONAL RECORD DEALING WITH HOUSING
WAS OBVIOUSLY MUCH LONGER. EMBOFFS POINTED
OUT LENGTH OF STATEMENT NOT MAJOR CONSIDERATION--
SIGNIFICANCE, RATHER, IS IN ATTENTION ATTRACTED
BY STATEMENT AND SKILL/IMPORTANCE OF INDIVIDUAL
MAKING STATEMENT.

7. WE BELIEVE THAT SALEH AND OTHERS FULLY UNDERSTOOD COMPLICATIONS THAT COULD BE FORTH-COMING IF SULLIVAN IS SUCCESSFUL IN HIS EFFORTS TO INFLUENCE HIS CONTACTS BUT WE ARE UNCERTAIN THAT MINISTER OF FINANCE WARDHANA (WHERE RESPONSIBILITY FOR P.T. BAUD CASE NOW RESTS) IS EQUALLY AWARE.

8. SALEH PARENTHETICALLY OBSERVED THAT BAUD CASE IS NOT LAST OUTSTANDING US EXPROPRIATION CASE IN INDONESIA. HE SAID THAT LEBAK PLANTATION CO., LTD. RUBBER PLANTATION SEIZED FROM MANHATTAN SECURITIES CO., OF NEW YORK IN PASIRCOPO IN BANTAN HAS NOT YET BEEN RESOLVED. HE SAID THAT THESE PROPERTIES WERE SEIZED IN 1964-65 AND THAT US FIRM IS CLAIMING \$750,000 ADDING THAT GOI HAS NOT YET RESPONDED TO REQUEST FOR COMPENSATION. NEWSOM

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Margaret P. Grafeld
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